BUSINESS RESOURCE CENTRE

Starting a Coin Operated Laundry

92-02263/

THE INDIVIDUAL/BUSINESS/CORPORATION/PARTNERSHIP (HEREINAFTER REFERRED TO AS THE CLIENT) ACKNOWLEDGES AND UNDERSTANDS THAT THE GOVERNMENT OF MANITOBA DOES NOT WARRANT OR REPRESENT THE ACCURACY, SUITABILITY OR APPLICABILITY OF THIS (ATTACHED) INFORMATION AND ASSUMES NO RESPONSIBILITY OR LIABILITY FOR THE USE THEREOF BY THE CLIENT AND ANY THIRD PARTIES AND THAT THE INTERPRETATION, USE AND APPLICATION OF SUCH INFORMATION SHALL BE THE CLIENT'S SOLE RESPONSIBILITY.

Manitoba
Industry, Trade
and Tourism

TABLE OF CONTENTS

INTRODUCTION 1

LEGAL CONSIDERATIONS 2

LOCATION 3

ADVERTISING AND PROMOTION 4

DROP-OFF SERVICE 5

BUILDING AND EQUIPMENT 6

LAYOUT AND DECOR 7

SECURITY 8

FRANCHISING 9

FINANCIAL PLANNING 10

FINANCIAL RECORDS 11

SUMMARY 12

TRADE PUBLICATIONS 14

TYPICAL OPERATING RATIOS 15

INTRODUCTION

The coin laundry industry experienced substantial growth in the 1950's, but has not benefited from the more recent increased use of services to the same extent as have other services such as restaurants. The basic reason may be that coin laundries have catered to the lower income segments of the population, which have not had increased income at their disposal. There may, however, be opportunity in the industry for those who are better able to serve the needs of potential customers. Those groups include students, young marrieds, working wives, apartment dwellers, singles, and vacationers, who either do not have access to laundry equipment or find it more convenient to utilize the service of a coin-operated laundromat. Those particular market segments are increasing in size, and the future of the coin-op laundry system will depend on the industry's ability to tap those markets.

There are approximately 50 coin operated laundromats in Manitoba, with approximately half of that number (24) in Winnipeg. A number of factors make the outlook for the industry somewhat optimistic. They include:

i) an increasing number of washable items;
ii) the ever increasing desire for convenience,
iii) as noted above, the untapped markets.

The keys to success, as is often the case, are good management and, even more important in this instance, good location.

In this handbook we have identified some of the key areas that management must concentrate on prior to opening up the business. Your ability to properly work through and develop those areas will directly affect the future success of you operation.

The Business Resource Centre has prepared a number of handbooks in its Small Business Management series which should be read in conjunction with this publication. Included are "Small Business Finance Plan", "Service Business Plan", and "Marketing". They are available at the Business Resource Centre, 6th Floor - 155 Carlton Street or call 945-7738 for mail out.

LEGAL CONSIDERATIONS

In starting a laundromat, thought must be given to the business structure your operation will assume. The more common alternatives include sole proprietorship, partnership and incorporation. Each of these business structures has its own distinct advantages and disadvantages. Factors such as the ease and cost of organization, financing, management risk, limitations of liability and tax considerations will all influence your decision regarding the business structure most suited to your trade.

You will be required to contact the City of Winnipeg Zoning Department and City of Winnipeg Licensing Branch. The cost of a laundry License is $100. You will be required to register your business name, obtain a provincial sales tax number, an employer number and register with the Workers' Compensation Board. You must comply with all tax regulations and employer regulations. The Business Resource Centre has prepared a handbook "Starting a Small Business in Manitoba", which summarizes many of your responsibilites in areas such as licensing, permits, taxes, etc.

For example, in Winnipeg you must obtain a license from the City of Winnipeg Licensing Branch for $100.00. An Occupancy Permit from the City of Winnipeg Zoning Department and contact the Manitoba Consumer Bureau for any vending machines or video machines that may be installed in the Landromat. A cost of $10.00 each for washing machines and drying machines. Please confirm cost of licenses etc., by calling The Manitoba Consumer Bureau 956-2040.

It is also essential that you determine your insurance needs prior to starting your business venture. The main types of insurance to consider are:

General Insurance: Most often this type of coverage includes insurance on the assets of the business, crime and vandalism insurance and business interruption insurance. Regarding the liability insurance, it is important to post clear operating instructions for customer convenience and safety. Without such instructions, you can more easily be held liable for damages done to the customer's goods.

Life Insurance: Usually this coverage is placed on the lives of the owners (often partners will purchase life insurance on each other's life in order to insure the continued survival of the business).

Workers' Compensation: This is required by Manitoba law for reimbursing employees injured on the job for any loss of wages suffered as a result of such an injury.

Information and advice concerning these matters can be obtained by contacting your nearest Business Resource Centre.

LOCATION

Location is a critical factor in determining the success or failure of your operation. The importance of choosing a proper location cannot be overemphasized, for your laundromat will live or die with its location.

There are a number of criteria that you might use to select an appropriate location:

a) Population density: Optimally you would locate in a densely populated area, near apartments, a college, in a resort area, or in a suburban area where there are many children. In an urban area you will probably have to be located within 3 miles of 5,000 - 7,000 families (12,000 - 16,000 people) in order operate profitably. It is possible to maintain a viable enterprise in a town of 2,000 or less, largely because overhead costs are lower. In a city, you must realize that your customers are local -- people will not generally come from further than 3 miles away.

b) Population characteristics: Demographic variables such as age, income and family size should be studied for a surrounding area. Medium to low income areas are generally better since not only is the population more dense, but the families are less likely to own washers and dryers. Research does indicate, however, that many users of coin-operated laundry facilities do own washers and dryers. For various reasons, they find it more convenient to utilize the coin-op laundry. Similarly, most apartment buildings have laundry equipment, which is often in use, thus it is attractive for apartment dwellers to use laundromats.

c) Visibility and accessibility: To some degree your location will form part of your advertising. To that end, you should have a large, well-lit sign which is visible from as many directions as possible. The laundromats should have adequate parking facilities to meet the needs of your customers. If located in the midst of an apartment complex, those needs may be minimal.

d) Competition: The laundry market can become saturated in a specific area, so you should avoid locating in an area which is already adequately served by laundromats. As mentioned, you need not necessarily consider apartment laundry facilities competition -- as they are often inadquate for the needs of inhabitants. It is possible to exist in close proximity to other laundromats, if warranted by the local demand. Thus you must consider existing facilities relative to demand before deciding whether or not you should open a laundry close to an already existing outlet.

e) Proximity to other businesses: Locating in a small shopping centre is considered desirable, as customers can combine shopping and laundry expenditions. You must, of course, consider the fact that rents will be higher than they would in a free-standing location. Those higher rents may or may not be offset by the increased flow of traffic.

ADVERTISING AND PROMOTION

Advertising is a necessary cost of doing business, and approximately 1-4% of your annual sales should be spent on advertising. The underlying consideration in deciding what form that advertising should take is the target market -- where they live, and which media reach them.

The first element of your advertising is a large, brightly lit sign. You may be able to arrange some form of co-operative agreement with an equipment supplier in obtaining a sign.

Mass media advertising (radio, television, and newspaper) may not be worthwhile, since you are dealing with such a specific market. People will not

travel across the City of Winnipeg to use a coin-op laundry, so advertising city-wide may be wasteful. You should concentrate your advertising efforts in the local neighborhood.

The most essential means of reaching your potential customers may be to distribute handbills or fliers to all domiciles in the immediate area of your laundromat. Remember that you will be drawing customers from a limited radius, so there is little sense spending resources on advertising which will be reaching many others outside that area. Do not forget to place an advertisement in the Yellow Pages, which is cheap and effective.

You will need to spend extra funds on some sort of grand opening promotion. You must first make people aware of your existence, and persuade them to make use of your facilities. There are a variety of coupon, giveaway or drawing type promotions that could be used - at the grand opening and on an on-going basis. For example, you might offer the first 10 lbs. of washing free, or have a draw for an appliance.

Advertising should emphasize the cleanliness of the laundromat, as well as the efficiency of the equipment and the pleasant surroundings (see Layout and Decor).

Many laundromats today offer a wash, dry and fold service to their customers (see below). The grand opening could include specials on that particular service as well.

DROP-OFF SERVICE

Many laundromats are increasing their sales volume by providing a "fluff and fold" service, which allows customers to drop off their wash, and have it washed, dried, folded and hung on hangers. Such a service is attractive to students, singles, working wives, and shoppers who do not have the time or inclination to do their own laundry.

Offering such a service will require the laundromat to be permanently staffed. You will need extra space, and some word of basic record keeping

procedures. In most cases the service is offered on a per pound basis -- such as 60-80¢ per pound plus wash and dry.

Having an attendant on duty at all times may be benefical in other ways. It should discourage vandalism , and may increase usage of the facilities (since customers know an attendant will be on duty and will be less apprehensive about using the laundromat, especially at those times when there are few people around).

You could offer hot drinks, sandwiches and chocolate bars through a vending machine - especially if you have an attendant on duty. This would be a service to your customers, as well as profits for you.

BUILDING AND EQUIPMENT

The amount of space that you will require depends on your location and the number of customers you expect to serve. Laundromats vary in size, and are as large as 4,000 sq. ft. The usual size, however, is in the 1,200 - 1,600 sq. ft. range, and the trend is toward larger outlets, with more equipment. You will probably need approximately 30 washers, but that number is again dependent on the size of your establishment. There are different sizes which most effienctly meet the needs of your customers. Remember that although large machines generate more revenue per sq. ft., the smaller machines generate more revenue per pound of wash.

The usual ratio of washers to dryers is about 2:1. Besides washers and dryers, you will need hot water heaters, coin and dollar bill changers, and a soap despenser. Some laundromats offer other amenities, such as video games, beverage and food vending machines, and even televisions.

Equipment dealers may be able to assist you in your planning. Specifically, they might:

1. recommend the amount and type of equipment required;
2. design the layout of equipment and facilities;
3. train you in maintenance and repair of the equipment;
4. help obtain equipment financing.

These services may not all be provided gratis, but may still be worthwhile.

In selecting your equipment, remember that utility bills will make up a significant proportion of your operating expenses. Thus you should carefully scrutinize the energy efficiency of the equipment. Approximately 90% of the energy used to power a washer is used to heat the water. You can reduce energy use by selecting washers with cold water rinse cycles. As well, energy use is a function of the length of the wash cycle, so pay heed to that feature.

Energy savings can also result when the equipment is maintained regularly and kept in good running order. You should have the washers and dryers on a schedule of preventative maintenance, keeping accurate records on the servicing of the machines. These records will provide evidence if a dispute arises with the equipment supplier about the warranty and the liability re breakdowns. Breakdowns adversely affect not only profits but customer satisfaction as well. The machines, and the entire laundromat, should be kept clean and in good order.

Machines should be equipped with adjustable coin acceptors, so that prices can be changed without replacing the coin slides. Having to do so can be quite expensive.

You can expect that equipment will last, on average, about four years. The lifespan of equipment does vary from brand to brand, so you might consult dealers or other operators in making your equipment choices.

It is not necessary that you purchase new equipment for your laundromat. You can buy reconditioned equipment or you might consider leasing equipment. Leasing reduces you financial burden, as capital costs are decreased.

LAYOUT AND DECOR

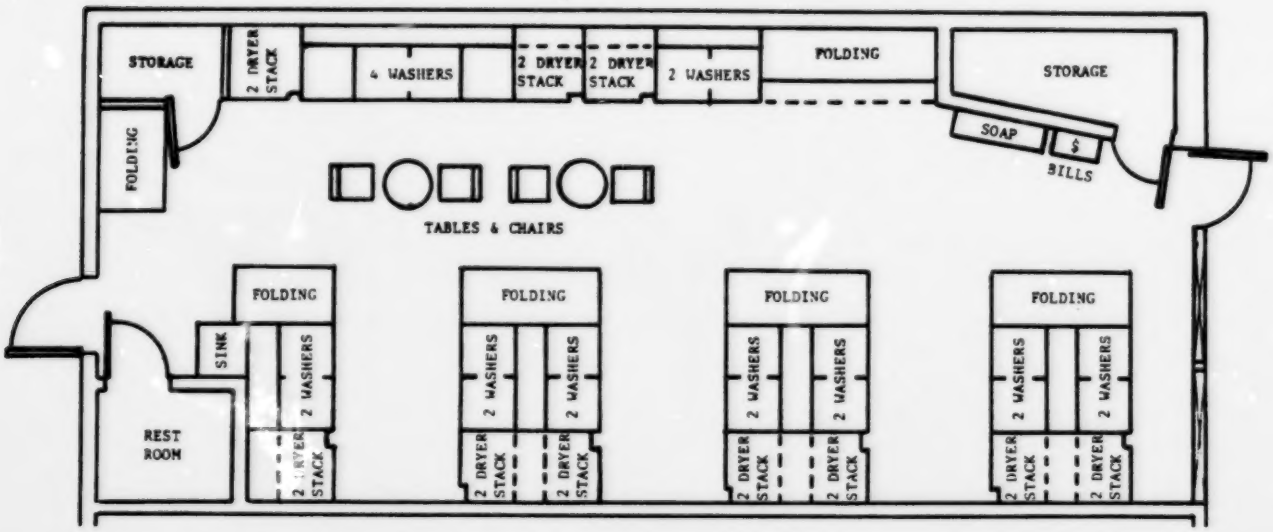
A pleasant atmosphere will entice customers to return to the laundromat. You should have a layout which will facilitate traffic flow, make maximum use of existing space, yet allow users a degree of privacy in doing their laundry.

Bright lighting is essential, adding to the cheery atmosphere and for security purposes. Wall coverings, plants, and bright wallpaper will add to the home

style decor. You might, as mentioned above, add video games, a television, and snack and drink machines. These would all make the trip to the laundromat less onerous , increasing the likelihood that people will patronize your outlet on a regular basis. You must take care, however, that the laundromat does not become a hang-out, for that would discourage potential customers.

It would help if the wall facing the street was largely glass, for that would not only discourage vandals, but it would also increase the feeling of security of the patrons.

A potential layout is shown below. Note that dryers are stacked one on top of another, to increase space utilization.



SECURITY

There are a number of aspects to the security problem -- employee dishonesty, vandalism and robbery. Controlling employee dishonesty begins in the hiring process, by thoroughly investigating work histories and checking references. You should maintain tight control over keys for the coin changers and coin repositories, making collections your responsibility.

Vandalism is not a widespread problem, but it can result in costly damage, in terms of repairs and lost revenue. One of the best deterrents to vandalism is to have an attendant on the premises at all times. The laundromat should be brightly lit, with full visibility into the store from outside. Any coin and bill changers should be placed in highly visible areas, bolted securely to the wall and locked well.

You should empty all coin collection boxes daily, on an irregular basis (so that potential thieves cannot pattern your routines). If you vary your time of visit to the outlet, it will make it more difficult for potential thieves vandals to perpetrate their acts.

FRANCHISING

Some coin-operated laundromats are franchise operations. There are advantages and disadvantages to operating a franchise outlet as opposed to an independent enterprise.

Franchises offer established images and formulas, and thereby improve chances of achieving initial success. Assistance is offered in choosing a location, fincancing the building, training, accounting, equipment selection and maintenance, and general management.

The franchisee is less apt to make costly errors as he follows the franchisor's established operating formula. Unfortunately, he can find that same formula somewhat restricting as the business begins to develop. For example, the franchise may not be able to open another outlet, as he would, were he an independent businessman. As well, he may be compelled to purchase washers and dryers from certain designated suppliers, even though a better deal might be available elsewhere.

The franchisee of course pays for the rights and advice provided. Purchase prices vary, but you might expect to pay $20,000 to $60,000* for an average laundromat agreement to identify all costs associated with the franchise, and the benefits to be received for the franchise fee. Specially, you might watch for:

Who decides on location?
Does a building have to be constructed?
Does equipment have to be purchased from a specific supplier?
Is your territory protected? For how long?
What will your payments terms be?
What controls exist over pricing, advertising, hours of operation, etc.?

Review any franchise agreement with your lawyer for the terms and conditions before agreeing to take the franchise.

FINANCIAL PLANNING

According to Dun and Bradstreet, the number of small business bankruptcies in increasing, largely because of poor financial planning. The following discussion should help you to systematically plan your short and long-term capital needs. It should enable you to realize the need for any additional financing before a crisis arises.

---

* Source: 1990 Franchise Annual, Info Press Inc.

A detailed outline of financial planning is contained in companion volumes of this handbook: "Small Business Finance Plan", "Service Business Plan", and the "Manitoba Franchise Guide". The purpose of this section is to underscore the importance of sound financial planning, by summarizing the basics of the process.

The steps of financial planning include:

1. Determining the cost of the premises, equipment and fixtures;
2. Estimating all operating expenses;
3. Estimating working capital or cash flow requirements and the sales volume needed to meet those requirments;
4. Preparing projected statements: Cash flow, profit & loss, and balance sheet;
5. Considering return on investment and comparing with an alternate business investment program;
6. Considering the net income and balancing this against your personal income needs.

FINANCIAL RECORDS

Decisions made are only as good as the information upon which they are based. Carefully kept records can provide sound information for use in management and financial decision making.

It is not difficult to maintain a record keeping system sufficient for the needs of most small businesses. The exact requirements vary, depending on the volume of business, the number of suppliers, credit policies, and so on. Some of the records you might need for your laundromat include:

1. A checkbook: You should have a bank account used exclusively for business purposes.

2. A cash receipts journal: Used to record all cash collected (your daily receipts).

3. A cash disbursements journal: Used to record all payments made. Payments should be made by cheque in order to more properly control cash more effectively.

4. An accounts payable ledger: Used to record all amounts owed to suppliers.

5. A payroll journal: To record pertinent data about employees, and all wages paid to them.

The record system that you use has to provide information which is relevant to the decision making that you must do. You must understand the records and the information that they provide for them to be useful in your financial planning process. You are required by law to maintain certain records, but that should be a secondary consideration in establishing a records system.

SUMMARY

Planning will not ensure the success of your enterprise, but it certainly will improve your chances.

Remember too, that if your analysis predicts that the business will not be profitable, then do not ignore that analysis and plunge ahead. Do not take starting the business as a foregone conclusion.

Financial planning is one part of your business plan, the elements of which bear repeating. The time your take before starting your business and then while it is underway, to plan and to monitor those plans, could be your most important investment. Failure to do so would be to start off down the highway without a roadmap, not knowing how to get where you want to go.

Briefly, then, the elements of your business plan should include:

1. Stating your goals and objectives;
2. Determining the potential market for your products;
3. Evaluating the location (new or existing);
4. Deciding on the layout for the laundromat;

5. Listing potential sources of equipment supply, terms, and an inventory of requirements;
6. Deciding upon a pricing policy and pricing strategy to be used to stimulate profitable sales volume;
7. Outlining your promotional policies and strategies;
8. Developing any policies required for handling store personnel (if you have any personnel);
9. Conducting a complete financial analysis of the business:
   - determining capital cost expenditure
   - determining operating costs
   - developing financial information for sourcing of funds and control
10. Establishing an expense control system (accounting procedures).

If you would like to discuss your business plan or have a problems and questions related to its preparation, feel free to call the Centre and arrange to meet with one of the counsellors.

Business Resource Centre
6th Floor, 155 Carlton
Winnipeg, Manitoba R3C 3H8

Phone: 945-7738
Toll free in Manitoba
1-800-282-8069

Western Regional Office
P.O. Box 1300, 231-10th Street
Brandon, Manitoba R7A 6N1

Phone: 726-6250

TRADE PUBLICATIONS

Canadian

Canadian Cleaner & Laundry
C.T.J. Inc.
1 Pacifique
St. Anne de Bellirue, Quebec
H9X 1C5

U.S.A.

Coin Launderer and Cleaner
75 Third Street N.W.
Atlanta, Georgia
USA 30308

Coinamatic Age
Suite 1227
60 West 42nd Street
New York, New York
USA 10017

Coin-Op
200 Madison Avenue
New York, New York
USA 10016

TABLE 1. Selected operating ratios, in percent of sales, 1987

Manitoba, Self-Serve Laundries and/or Dry Cleaners (SIC 9723)

	Total(1)	Bottom 25%	Lower middle 25%	Upper middle 25%	Top 25%
Businesses in sample (No.)	*				
Low sales value ($000's)	[illegible]	--	--	--	--
High sales value ($000's)	[illegible]	--	--	--	--

Selected expense item	Industry average(2): Total	Bottom 25%	Lower middle 25%	Upper middle 25%	Top 25%	% business reporting	Reporting businesses only(3): Total	Bottom 25%	Lower middle 25%	Upper middle 25%	Top 25%
	Percent of sales						Percent of sales				
Cost of sales	8.0	--	--	--	--	22.8	35.0	--	--	--	--
Occupancy expenses	43.1	--	--	--	--	100.0	43.1	--	--	--	--
Depreciation	8.7	--	--	--	--	98.0	8.9	--	--	--	--
Repairs & maintenance	7.4	--	--	--	--	67.1	11.1	--	--	--	--
Heat, light & telephone	24.7	--	--	--	--	100.0	24.7	--	--	--	--
Rent	2.3	--	--	--	--	24.8	9.2	--	--	--	--
Personnel expenses	4.9	--	--	--	--	67.1	7.3	--	--	--	--
Financial expenses	2.4	--	--	--	--	58.7	4.2	--	--	--	--
Interest & bank charges	2.1	--	--	--	--	58.7	3.7	--	--	--	--
Professional fees	0.3	--	--	--	--	55.7	0.5	--	--	--	--
Other expenses	23.9	--	--	--	--	100.0	23.9	--	--	--	--
Profit (loss)	17.7	--	--	--	--	100.0	17.7	--	--	--	--
Total	100.0	--	--	--	--	100.0	...	--	--	--	--

Symbols
- \- zero or no observations
-- too small too be expressed
... not applicable
x confidential

Footnotes
(1) These estimates are based on a sample of businesses reporting sales between $25,000 and $2,000,000.

(2) Value in each cell = $\frac{\text{Total weighted expenditure on a given item}}{\text{Total weighted sales of all businesses in the sample}} \times 100$ for each quartile.

(3) Value in each cell = $\frac{\text{Total weighted expenditure on a given item}}{\text{Total weighted sales of businesses reporting this item of expenditure}} \times 100$ for each quartile.

This portion of the table pertains only to the businesses reporting the specific expense item. Therefore these ratios are calculated individually and the total will not necessarily equal 100%.

Notes
Data are shown by quartiles when at least 13 of the sampled businesses report the specific item

Records were ranked in ascending order according to sales size. Each quartile (i.e. bottom 25%, lower middle 25%, etc.) represents one quarter of the total number of businesses. Within each quartile, the average ratio is presented. For comparison purposes, the high and low values of sales are shown.

How to use the tables
(1) Locate the appropriate sales range that is displayed on the two lines entitled "Low sales value" and "High sales value"
(2) The selected range will indicate the proper quartile, i.e. the bottom 25%, the lower middle 25%, the upper middle 25% or the top 25%.
(3) Data pertaining to the selected sales size range will be in that quartile.

Standard Industrial Classification Definition (SIC 1980):

SIC 9723 - Self-Serve Laundries and/or Dry Cleaners
Businesses primarily engaged in providing coin-operated automatic laundry and/or dry cleaning facilities for the use of the public. Included in this industry are businesses engaged in coin-operated dry cleaners, coin-operated laundries, self-serve dry cleaners and self-serve laundries.

SOURCE: Small Business and Special Surveys Division, Statistics Canada.

TABLE 2. Balance sheet profile for incorporated businesses only, 1987

Manitoba, Self-Serve Laundries and/or Dry Cleaners (SIC 9723)

	Total(1)	Bottom 25%	Lower middle 25%	Upper middle 25%	Top 25%
Businesses in sample (No.)	2				
Low sales value ($000's)	(1)	--	--	--	--
High sales value ($000's)	(1)	--	--	--	--
		Average $000's			
Assets					
Cash	X	--	--	--	--
Accounts and notes receivable	X	--	--	--	--
Inventory	X	--	--	--	--
Other current assets	X	--	--	--	--
Total current assets	X	--	--	--	--
Fixed assets	X	--	--	--	--
Less: Accum. dep. on fixed assets	X	--	--	--	--
Other assets	X	--	--	--	--
Total assets	X	--	--	--	--
Liabilities and equity					
Current loans	X	--	--	--	--
Other current liabilities	X	--	--	--	--
Total current liabilities	X	--	--	--	--
Mortgages payable	X	--	--	--	--
Long term debt	X	--	--	--	--
Other liabilities	X	--	--	--	--
Total liabilities	X	--	--	--	--
Total equity	X	--	--	--	--

(1) These estimates are based on a sample of businesses reporting sales between $25,000 and $2,000,000.

See Table 1 for symbols and notes.

TABLE 3. Financial ratios(1) for incorporated businesses only, 1987

Manitoba, Self-Serve Laundries and/or Dry Cleaners (SIC 9723)

	Total(2)	Bottom 25%	Lower middle 25%	Upper middle 25%	Top 25%
Businesses in sample (No.)	2				
Low sales value ($000's)	(1)	--	--	--	--
High sales value ($000's)	(1)	--	--	--	--
		Average			
Liquidity ratio					
Current ratio (times)	X	--	--	--	--
Leverage ratios					
Debt/equity ratio (times)	X	--	--	--	--
Interest coverage ratio (times)	X	--	--	--	--
Debt ratio (times)	X	--	--	--	--

(1) The ratios represent the average of ratios for each business in the group and cannot be calculated from the figures shown in Table 2.

(2) These estimates are based on a sample of businesses reporting sales between $25,000 and $2,000,000.

See Table 1 for symbols and notes.

Definitions:

1. Liquidity ratio:

   Current = current assets / current liabilities

2. Leverage ratios:

   a) Debt/equity = total liabilities / equity.
   b) Debt ratio = total liabilities / total assets.
   c) Interest coverage = net profit + interest expense / interest expense.

SOURCE: Small Business and Special Surveys Division, Statistics Canada.

TABLE 4. Statement of changes in financial position for incorporated businesses only, 1987

Manitoba, Self-Serve Laundries and/or Dry Cleaners (SIC 9723)

	Total (1)	Bottom 25%	Lower middle 25%	Upper middle 25%	Top 25%
Businesses in sample (No.)	-				
Low sales value ($000's)	-	--	--	--	--
High sales value ($000's)	-	--	--	--	--
			Average ($000's)		
Operating activities	-				
Cash from operations	X	--	--	--	--
Depreciation	X	--	--	--	--
Other	X	--	--	--	--
Dividends	X	--	--	--	--
Investment activities	-				
Disposal of fixed assets	X	--	--	--	--
Purchase of fixed assets	X	--	--	--	--
Increase in investment	X	--	--	--	--
Decrease in investment	X	--	--	--	--
Financing activities	-				
Increase in long term debt	X	--	--	--	--
Repayment of long term debt	X	--	--	--	--
Loans from shareholders	X	--	--	--	--
Repayment of loans from shareholders	X	--	--	--	--
Advances & loans from government	X	--	--	--	--
Increase in equity	X	--	--	--	--
Decrease in equity	X	--	--	--	--
Other	X	--	--	--	--
Increase(decrease) in cash & equivalents	X	--	--	--	--
Cash & equivalents-Beginning of the year	X	--	--	--	--
Cash & equivalents - End of the year	X	--	--	--	--

(1) These estimates are based on a sample of incorporated businesses reporting sales between $25,000 and $2,000,000. Sample count includes only those businesses reporting a statement of changes.
See Table 1 for symbols and notes.

TABLE 5. Employment changes by size of business, 1984-1987 based on SIC classification in 1987

Manitoba, Laundry and Cleaners (SIC 972)

Business size expressed in average labour units(1)	Number of businesses	Total payroll ($000's)	Average labour units(1)	Changes in number of businesses with paid employees: Newly reporting(2)	Changes in number of businesses with paid employees: No longer reporting(3)
1984					
Total	131	18,634	1,382	31	5
Less than 20	117	3,885	292	25	5
20 - 99	8	2,519	312	1	-
100 - 499	5	8,908	747	3	-
500 and over	3	1,321	111	1	-
1987					
Total	134	25,484	1,881	24	...
Less than 20	122	4,491	344	22	...
20 - 99	4	1,417	103	1	...
100 - 499	8	X	547	1	...
500 and over	2	X	887	-	...

(1) Average labour units are calculated by dividing total payroll by the average annual wage and salary rate as reported in the *Survey of Employment, Payroll and Hours*, Statistics Canada, Catalogue 72-002. An average labour unit could be interpreted as a full-time employee. Note that the business size groups used are determined at the Canada level. Thus if a business has at least 500 employees in Canada as a whole but less than that number in any given province it is shown in the 500 and over group.
(2) Refers to businesses reporting no payroll deductions in the previous year.
(3) Refers to businesses reporting no payroll deductions in the following year.

"Newly reporting" and "no longer reporting" businesses are assumed to have been in activity for six months and the information is adjusted accordingly.

See Table 1 for symbols and notes.

SOURCE: Small Business and Special Surveys Division, Statistics Canada

TABLE 6. Selected operating characteristics of small businesses by sales quartile, 1985-1987

Manitoba, Self-Serve Laundries and/or Dry Cleaners (SIC 9723)

	Total [1]	Bottom 25%	Lower mid 25%	Upper mid 25%	Top 25%
			1985		
Number of observations in sample	7				
Average sales $	39,197	--	--	--	--
Average expense $	32,169	--	--	--	--
Average net profit (loss) $	5,328	--	--	--	--
Businesses reporting a profit (No.)	6				
Average sales $	37,333	--	--	--	--
Average expense $	30,267	--	--	--	--
Average net profit $	7,986	--	--	--	--
Businesses reporting a loss (No.)	1				
Average sales $	28,083	--	--	--	--
Average expense $	28,109	--	--	--	--
Average net loss $	-26	--	--	--	--
			1986		
Number of observations in sample	9				
Average sales $	36,045	--	--	--	--
Average expense $	29,714	--	--	--	--
Average net profit (loss) $	6,331	--	--	--	--
Businesses reporting a profit (No.)	8				
Average sales $	35,227	--	--	--	--
Average expense $	28,450	--	--	--	--
Average net profit $	6,777	--	--	--	--
Businesses reporting a loss (No.)	1				
Average sales $	68,407	--	--	--	--
Average expense $	73,834	--	--	--	--
Average net loss $	-5,427	--	--	--	--
			1987		
Number of observations in sample	10				
Average sales $	68,271	--	--	--	--
Average expense $	63,034	--	--	--	--
Average net profit (loss) $	5,237	--	--	--	--
Businesses reporting a profit (No.)	8				
Average sales $	59,003	--	--	--	--
Average expense $	51,891	--	--	--	--
Average net profit $	7,112	--	--	--	--
Businesses reporting a loss (No.)	2				
Average sales $	187,327	--	--	--	--
Average expense $	186,222	--	--	--	--
Average net loss $	-18,895	--	--	--	--

(1) These estimates are based on a sample of businesses reporting sales between $25,000 and $2,000,000.

See Table 1 for symbols and notes.

SOURCE: Small Business and Special Surveys Division, Statistics Canada.

LINE OF BUSINESS (and number of concerns reporting) DOMAINE D'EXPLOITATION (et nombre d'entreprises étudiées)	Cost of Goods Sold Coût des marchandises vendues	Gross Margin Marge bénéficiaire brute	Current Assets to Current Debt Coefficient du fonds de roulement	Profits on Sales Coefficient du profit sur les ventes	Profits on Equity Coefficient du profit sur l'avoir	Sales to Equity Coefficient des ventes sur l'avoir	Collection Period Période de recouvrement	Sales to Inventory Coefficient des ventes sur les stocks	Fixed Assets Equity Coefficient des immobilisations sur avoir	Current Debt Equity Coefficient des exigibles sur avoir	Total Debt Equity Coefficient de la dette totale sur avoir
	Per Cent Pour cent	Per Cent Pour cent	Times Fois	Per Cent Pour cent	Per Cent Pour cent	Times Fois	Days Jours	Times Fois	Per Cent Pour cent	Per Cent Pour cent	Per Cent Pour cent
Laundries, Cleaners & Pressers 2,715 Buanderies et nettoyeurs	4.2%	95.8%	1.2	5.7%	22.9%	4.0			98.2%	72.6%	156.11

HOW THE RATIOS ARE FIGURED—WHAT THEY MEAN

These ratios are based on analysis of a composite sample of audited financial statements released in a publication called Corporation Financial Statistics, by Business Finance Division of Statistics Canada. The statements were filed by Corporations with Dept. of National Revenue for income tax purposes for the taxation year 1984. These ratios are averages and include both profitable and unprofitable concerns.

COST OF GOODS SOLD

This includes the cost of inventory which has been sold or used, freight or transportation, customs duties, direct labor and factory overhead. Discounts on purchases are deducted. The ratio is a percentage of sales.

GROSS MARGIN

This ratio is derived by deducting the cost of goods sold from the sales figure. It answers the question "Is the markup on cost to selling price sufficient to show a profit?"

CURRENT ASSETS TO CURRENT DEBT

Current Assets are divided by total Current Debt. Current Assets are the sum of cash, accounts receivable, inventories including supplies, and Government securities. Current Debt is the total of bank loans, accounts payable, tax liabilities and amounts due to shareholders. This ratio is one test of solvency.

CURRENT YEAR PROFITS ON SALES

Obtained by dividing the profit declared by the companies, by total sales. This important yardstick in measuring profitability should be related to the ratio which follows. Profits are shown after taxes.

CURRENT YEAR PROFITS ON EQUITY

The equity of stockholders in the business is obtained by adding preferred and common stock plus surplus (less deficits). The ratio is obtained by dividing Profits by Equity. The tendency is to look increasingly to this ratio as a final criterion of profitability.

SALES TO EQUITY

Sales are divided by Equity. This gives a measure of the relative turnover of invested capital.

COLLECTION PERIOD

Annual sales are divided by 365 days to obtain average daily credit sales and then the average daily credit sales are divided into accounts receivable. This ratio is helpful in analyzing the collectability of receivables. Many feel the collection period should not exceed the net maturity indicated by selling terms by more than 10 to 15 days. When comparing the collection period of one concern with that of another, allowances should be made for possible variations in selling terms.

SALES TO INVENTORY

Dividing annual Sales by Inventories. This quotient does not yield an actual physical turnover. It provides a yardstick for comparing stock-to-sales ratios of one concern with another or with those for the industry.

FIXED ASSETS TO EQUITY

Fixed Assets are divided by Equity. Fixed Assets represent depreciated book values of buildings, leasehold improvements, machinery, furniture, fixtures, tools, and other physical equipment, plus land.

CURRENT DEBT TO EQUITY

Derived by dividing Current Debt by Equity.

TOTAL DEBT TO EQUITY

Obtained by dividing total current debt plus mortgage and other funded debt by equity. When this relationship exceeds 100%, the equity of creditors in the assets of the corporation exceeds that of owners.

Source:
Dun & Bradstreet Key Business Ratios 1989